# Factors Important in Bank Selection: Empirical Evidences from Customers' Perspective in Saudi Arabia

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## ABSTRACT

**The main purpose of this study is to find out important factors for consumers in Saudi Arabia to select a bank for their banking needs. Total 300 respondents had participated in this research. A structured questionnaire has been used as research instrument comprising 16 variables on five point Likert Scale intensity. A pilot study has been conducted to refine the survey instrument. Mean, Standard Deviation statistics and Factor Analysis technique has been used to assess the importance of variables. Analysis result shows that all sixteen variables were found important for consumers in selecting a bank. Out of sixteen variables, thirteen variables were found very important with much higher mean value and three were considered important with higher mean value than average. With the help of Factor Analysis Technique Sixteen variables had been group into three factors i.e., i.e., "Product Offerings of the Bank" consisting nine variables, "Service Delivery of the Bank" with five variables and "Banking Institution Type" including two variables respectively. Study findings would be profitable and essential for banking institution in focusing the consumers' needs and also in making necessary and comprehensive strategy to attract and retain their customers and also to consumers in decision making in selecting a bank for their financial necessities.**

**Key Words:** Bank, Consumers, Saudi Arabia, Service Delivery, Product, Preferences.

## INTRODUCTION

Any type of organization including the services and non-services, customers are usually regarded as king as the fact that the existence and survival of such organization is extremely and directly dependent on the existence of the customers **(**Kumar et al., 2011). The intense competition that exists in the market for financial services presents a big challenge to the profitability of retail banking institutions of all sizes. The amount of customers that patronizes an organization determines its profitability and growth. The present banking customers and potential ones are attracted towards the choice of a bank by various factors which may relate to individual and other personality differences. Such factors are crucial to customer's acquisition and retention (Adekiya & Gawuna, 2015). With growing competitiveness in the banking industry (Grady and Spencer, 1990), and similarity of services offered by banks (Holstius and Kaynak, 1995), it has become increasingly important that banks identify the factors that determine the basis upon which customers choose between providers of financial services. The problem of selecting a bank by banking customer has always been given a substantial attention by various scholars, researchers and other related experts in this area of concern (for example; Evans (1979), Kaynack and Yavas (1985), Ross (1989), Kazeh and Decker (1993), Hegazi (1995), Metawa and Almossawi (1998)). Exploring such information will help banks to identify the appropriate marketing strategies needed to attract new customers and retain existing ones (Kaynak and Kucukemiroglu, 1992). The subject of choice criteria in retail banking has been studied by a number of authors. Anderson *et al*. (1976), Khazeh and Decker (1992–1993), Boyd *et al*. (1994), Elliot *et al*. (1996) and Reeves and Bednar (1996) have provided general studies in a US context. Martenson (1985) focused her study on

the Swedish market for banking services, whilst Kaynak *et al*. (1991) studied bank selection in a Turkish context. Denton and Chan (1991) and Kaynak and Kucukemiroglu (1992) investigated similar matters in Hong Kong. A related theme is the study of choice criteria in certain cultural or religious contexts. Tan and Chua (1986) studied what they classified as an oriental culture (Singapore), whilst Joy et al. (1991) looked at ethnic groups in Quebec and Erol and El-Bdour (1989) and Erol et al. (1990) studied choice and related aspects of Islamic banking. The growing competition in the banking sector makes it crucial for the banks to identify determinants of bank selection among customers. This knowledge allows banks to focus on products and services that are valued the most by consumers and enhance customers' satisfaction (Sayani & Miniaoui, 2013). The banking industry is constantly responding to changes in customer preferences and needs; increasing competition from non-banks, changes in demographic and social trends, information technologies advances, channel strategies, and government deregulations of the financial service sector (Giannakoudi, 1999; Byers and Lederer, 2001). The relevant literature indicates that a great deal of research effort has been expended to investigate bank selection criteria for broad categories of customers (Yue and Tom, 1995). A review of literature also indicates that studies related to bank selection criteria have been mainly conducted in the USA and some European countries (Denton and Chan, 1991). Although such studies have contributed substantially to the literature on bank selection, their findings may not be applicable to other countries, due to differences in cultural, economic and legal environments. A set of determinant factors that have a significant role in bank selection in one nation may prove to be insignificant in another. One of the regions which lacks such studies is the Gulf region (Bahrain, Kuwait, Saudi Arabia, United Arab Emirates, Qatar, and Oman) one of the most prosperous regions in the world (Azzam, 1989).

## LITERATURE REVIEW

Hart (1998) asserted that the literature review plays a role in discovering important variables relevant to the topic; synthesizing and gaining new perspective; identifying relationship between ideas and practice; establishing the context of the topic or problem; rationalizing the significance of the problem; understanding the structure of the subject; and relating ideas and theory to applications. A number of studies had been carried out by various scholars in various places in the world to comprehend the product and services selection process in banking industry consumers (e.g. Naser et al., 1999; Jabnoun and Khalifa, 2005; Furrer et al., 2002). The findings of these studies have implications for firms' strategic directions and future investments of organizations, especially when the competition in the industry is intense (Sayani & Miniaoui, 2013). Bank selection criteria refer to the bank which is most favorable and customers will choose it as their conducting bank between the wide variety of bank in the industry of banking and finance institution. Furthermore, customers also have their own point of view and selection measurement to select their most favorable bank to deal with their daily monetary transaction. These criteria will directly influence the satisfaction of the customers (Hin et al., 2011). A study carried out in Turkey by Kaynak (1993) revealed that frequent banking customers in Turkey preferred friendly bank employees, convenient location of bank branches, fast and proficient service, accessibility of credit and financial services advice. In their study Martenson (1993) and Zineldin (1996) found that in Sweden bank location, availability of loans, and payments of salary through banks were major contributors to bank selection decision. The results also showed that service quality, availability of credit, price, distribution system (branches and ATMs), promotion, reputation, and differentiation is services were the most sought factors among Swedish consumers. Kaynak & Kucukemiroglu (1992) also investigated bank and product selection in Hong Kong and focused on frequent and infrequent users of bank accounts. It was found that fast and efficient service and the friendliness of bank personnel were found to be particularly important. A study conducted by the same authors and others studied bank selection in a Turkish context In another study

carried out by same authors found that older bank customers preferred bank locations close to their home, whilst younger age groups stressed the importance of variety of service (Kaynak *et al.,* 1991). Kaufman (1967) investigated the determinant factors used in bank selection decisions by consumers and business firms in the USA. He found that the most influential factors reported by households were convenient location to home or place of business, length of bank-customer's relationships and quality of services offered by the bank. Laroche et al. (1986) investigated 140 households in Montreal, Canada, to find out how people select their banks in such a competitive banking environment. In ranking the selection factors, results show that friendliness of staff plays the major role in the bank decision process, followed by hours of operations, size of waiting lines, convenience of location, and efficiency of personnel. A study by Javalgi et al. (1989) in the USA using "analytic hierarchy process" found that financial factors are the chief criteria in customers' bank selection decisions. Findings of this study show that financial factors such as safety of fund, interest on savings accounts, and availability of loans scored high. Other determinant factors were found to be convenient location and bank's reputation.

Erol et al. (1990) conducted a study taking objective to determine the bank selection criteria used by customers of conventional and Islamic banks in Jordan. Study results revealed that factors which scored highly were: fast and efficient services, bank's reputation and image, friendliness of bank personnel, and confidentiality of bank. Holstius and Kaynak (1995) surveyed 258 bank customers in Finland in order to determine the importance of selected patronage factors used by Finnish customers in choosing their banks. Results indicated that the chief determinant factors for Finnish customers appeared to be: reception at the bank, fast and efficient services, lower service charges, friendliness of personnel, and perceived confidentiality. Yue and Tom (1995) studied the bank selection criteria used by Chinese-American residing in Sacramento, California. The most influencing factors were efficiency of services offered, bank's reputation, bank fees, convenient location, and interest rates on saving accounts and loans. Tan and Chua (1993) studied the influence of intention, attitude, and society on the Singaporean banking customers and found that friends and family are the most influential factors in the decision-making process regarding selection of banks. The opposite results were revealed in the study of Che Wel and Nor (2003) who found that social factors are not as important as personal factors like convenience, in bank selection process among Malaysian customers. Elliot *et al.* (1996) found that price, speed and access were particularly important in what they termed value-driven strategy. Edris (1997) analyzed the bank selection process of corporate customers in Kuwait and distributed his sample into Kuwaiti, non-Kuwaiti, and joint business firms. He found that business prefer conventional banks more than Islamic banks and consider financial stability of bank, efficiency, and helpfulness of bank personnel, help in financial emergencies, and reputation of bank as the most important factors. A study conducted by Al-Tamimi et al. (2009) compared the image of Islamic and conventional banks among the customers in UAE and investigated whether the perception has an impact on the banking behavior of consumers. The results exhibited that UAE consumers prefer to bank with Islamic banks. The study also concluded that consumers of both kinds of banks have positive image of the bank, however, are not satisfied with the service quality. The positive image of Islamic banks is associated with religious factors and service quality. Study carried out by Lymperopoulos et al. (2006) indicates four distinct factors were identified as the main choice criteria that influence consumers' bank choice. Bank service quality is the most important element that customers consider in order to select their mortgage providers and establish a long-term relationship with them. The other three refer to product attributes, access, and communication. In their study Jahiruddin and Haque (2009) taking 198 respondents in Bangladesh as sample found that factors associated with convenience had

valued the most by the consumers followed by economic, promotional, and influential factors. Taking the sample of 248 banking customers in Romania Katircioglu et al. (2011) found that convenience is of utmost importance for Romanian consumers. Hedayatnia and Eshghi (2011) collected data from 798 customers in Tehran (Iran) and performed factor analysis to identify the most important determinants for bank selection. The study results disclosed that quality of service and innovation in provision of banking services were the most important factors followed by efficiency and staff qualities.

In a study carried out by Tehulu & Wondmagegn (2014) using the multinomial regression model indicated that friendly or pleasing manner of staff, ATM service, bank speed, service quality, external bank appearance and internal sitting arrangement, secured feeling, proximity to home or work place, availability of several branches and long operating hours were significant factors whereas others' recommendations, number of counter windows, safety of funds, good reception at the bank and low service charge were insignificant factors for bank selection decision. Study findings of Katircioglu et al. (2011) shows that the number of ATMs (automatic teller machines) booths has been found to be the most important selection criteria for bank customers from Romania. This study has also shown that providing extensive ATM services, availability of telephone and internet banking, giving personal attention to customers, reputation and image of the banks, confidentiality of the bank for customer records, appearance of staff to be presentable and the number of branch offices around the country are all the most important factors that Romanian people give attention to. In a study carried out in Nigeria taking 417 banking customers as sample revealed that the size of bank assets and wider network of branches were vital determinants of bank selection decision (Maiyaki, 2011). Study of Adekiya & Gawuna (2015) shows that convenience, reputation, service quality, financial gains, information availability and group influence are ranked as most important in descending order, and there is no statistical difference among the male and female students in all the choice criteria with the exception of financial gains.

Previous studies on the issue of selection of banks show that demographic characteristics (for example; education, culture, religion, job profile etc.) of customers also had an influence on bank selection decision. Boyd *et al.* (1994) studied differences in selection criteria for retail banks with respect to basic demographic factors. Among the more useful findings of this study were that white collar households indicated a greater importance for reputation, modern facilities and location, high income households attached greater importance to interest rates, opening hours and friendliness of the staff and low income households relied on favourable publicity and word of mouth. Cunningham (1997) surveyed Singaporean undergraduate students to rank the importance of various factors in banks selection for them. They found that feeling of security, availability of electronic services, quality of service, convenience, and promotional activities were the top five determinants of bank selection in Singaporean undergraduate students. Al Mossawi (2001) studied the banking preferences of university students in Bahrain. Al Mossawi (2001) found reputation, friendliness of staff, and some factors related to convenience to be significant factors in bank selection among Bahraini students. Blankson et al. (2007) conducted a research among undergraduate students in the USA, Taiwan, and Ghana to understand if there are differences in the bank selection process across economic environments and cultures. The results highlighted that US students value convenience the most, while students in Taiwan and Ghana place more importance on competence. Rao and Sharma (2010) explored the banking selection criteria among MBA students in India and found that reliability, responsiveness, value added services and convenience matter the most for postgraduate students in Delhi. Chigamba and Fatoki (2011) surveyed undergraduate students in South Africa to understand their bank selection process and found that service quality is the most important factor. Abbas et al. (2003), Awan and

Bukhari (2011) were unable to find any relationship between the banks selection and religious preference. Another study findings show that undergraduates in IPS place high emphasis on the convenience, customer service and speed dimensions of bank services (Okoe et al., 2013).

## METHODOLOGY

The present research is carried out with the purpose to find out important factors for customers to select a bank for banking services in Saudi Arabia. To fulfilling said objective A structured questionnaire has been used in present study as research instrument comprising 16 variables to recognize the important factors which are necessary in bank selection for the customers in Saudi Arabia. In social science researches selection of factors and variables in accordance with the objectives of research study is very important (Miles & Huberman, 1994). For the purpose of factor selection according to objectives of this study, various previous studies related to this issue (for example see, e.g. Martenson, 1993; Zineldin 199;, Kaynak, 1993; Laroche et al., 1986; Tehulu & Wondmagegn, 2014;  Katircioglu et al, 2011; Maiyaki, 2011; Adekiya & Gawuna, 2015; Boyd et al., 1994; Awan and Bukhari, 2011) have been taken into consideration. Respondents were asked for their preference of bank selection with select 16 variables and were asked "to what extent are the following 16 variables important in your choice of bank?" These 16 variables have been measured on five-point Likert Scale i.e. "Strongly Disagree=1, Disagree=2, Somewhat Agree=3 Agree=4 and Strongly Agree=5". The research instrument (questionnaire) was tested at two levels. At first level questionnaire was presented for pilot study before respondents to test whether it is "respondent friendly" or not and also to follow the suggestions by Mokhlis (2009) who supported that research instruments should be free from bias and undue interference, respondents should be free with their responses, making suggestions for improvement for unbiased and delineate any difficulties they found. After the pilot study questionnaire was finalized with some minor correction for final response. In present study 300 people living in Saudi Arabia form Saudi nation and other parts of the world has been considered as 'Respondents'.

## DATA PROCESSING AND ANALYSIS PROCEDURE

Keeping in mind the objectives of the study, an exploratory factor analysis has been done. Factor analysis attempts to bring inter-correlated variables together under more general, underlying variables (**Rietveld & Van Hout, 1993**). factor analysis offers not only the possibility of gaining a clear view of the data, but also the possibility of using the output in subsequent analyses **(Field 2000; Rietveld & Van Hout 1993).** Exploratory Factor analysis is one method of examining a correlation (or covariance) matrix. The degree to which a given variable is associated with a particular factor is estimated by its "factor loading," a statistic analogous to a correlation which can range from - 1.00 to + 1.00. The closer the loading approaches -1.00 or + 1.00, the greater the association between the variable and the factor **(Mccroskey & Young, 1979).** Principal Component Analysis (PCA), with varimax rotation, was used to analyse the responses. PCA is a multivariate technique that simultaneously analyses more than two (indeed tens and hundreds of) variables in order to identify and describe some underlying dimensions which may not be obvious and indeed, may not be measurable in a set of data, yet could be critical in explaining the behaviour or character of such data (Nkamnebe, 2004). The responses within the various factor groups were tested for internal reliability considering Cronbach's alpha. The PCA with orthogonal (varimax) factor solution rotation was employed in the Exploratory Factor Analysis to extract factors that could be used to describe the original construct for the analysis. Factors were considered significant and retained only if their consisting variable have factor loading of at least 0.50. According to Hair et al. (2010) factor loadings of 0.30 to 0.40 are minimally acceptable, values greater than 0.50 are generally considered necessary for practical significance".

## EMPIRICAL FINDINGS

Empirical findings of this study with analysis results have been elaborated under following captions:

### Demographic Profile Of Respondents

As it is clear from Table 1 most of the respondents (248, 82.7%) belong from Saudi Arabian Nation and rests (52, 17.3%) are non-Saudis. In age cluster maximum number of respondents (138, 46.0%) is in between the age of 25-34 years means they belong from young generation. In gender group maximum respondents (276, 92.0%) are male and female respondents were (24, 8.0%) of total population. Married respondents were contributing (158, 52.7%) of total and rest (142, 47.3%) were

| Table 1: Demographic profile of the respondents | | |
|---|---|---|
| **Demographics** | **N** | **%** |
| **Nationality** | | |
| Saudi | 248 | 82.7 |
| Non-Saudi | 52 | 17.3 |
| **Age** | | |
| 15 to 24 | 91 | 30.3 |
| 25 to 34 | 138 | 46.0 |
| 35 to 44 | 45 | 15.0 |
| More than 44 | 26 | 8.7 |
| **Gender** | | |
| Male | 276 | 92.0 |
| Female | 24 | 8.0 |
| **Marital Status** | | |
| Married | 158 | 52.7 |
| Unmarried | 142 | 47.3 |
| **Educational Qualification** | | |
| Diploma | 4 | 1.3 |
| High School | 101 | 33.7 |
| Intermediate | 159 | 53.0 |
| Bachelors | 13 | 4.3 |
| Masters | 4 | 1.3 |
| Ph.D. | 10 | 3.3 |
| No Formal education | 9 | 3.0 |
| **Monthly Income** | | |
| Less than SR 5000 | 107 | 35.7 |
| SR 5001 to SR 10000 | 114 | 38.0 |
| SR 10001 to SR 20000 | 58 | 19.3 |
| More than SR 20000 | 21 | 7.0 |

unmarried. With regard to educational qualification maximum numbers of respondents (159, 53.0%) were intermediate passed. The next percentage of respondents was of High school passed (101, 33.7%). Minimum numbers of respondents were Master degree holders (4, 1.3%). In income group maximum respondents (114, 38.0%) were those whose monthly income was SR 5001 to SR 10000. The next percentage of respondents (107, 35.7%) was earning Less than SR 5000. Minimum numbers of respondents (21, 7.0%) were those who were earning More than SR 20000.

## Reliability Of Research Instrument

Reliability of research instrument (survey questionnaire) used in the present study has been tested whether it is appropriate according to research objective or not, with the help of Cronbach Alpha statistic. Table 2 shows the test result for 16 variables considered in this study. The value of Cronbach Alpha has been found .941 which shows a higher inner consistency among variables and also fulfills the criteria proposed by Freitas & Rodrigues (2005) who says that value of Alpha greater than .90 is considered to be very high consistent with regard to research instrument and thus it is clear that questionnaire used in this research was much appropriate.

**Table 2: Reliability Test–Cronbach Alpha**

| Banking Services | .941 | 16 |
|---|---|---|
| It should be government bank | | |
| It should be Saudi bank | | |
| It should be Islamic bank | | |
| Reputation of the bank | | |
| Experience of the bank | | |
| Good return | | |
| Availability of Loan | | |
| Easy various financing | | |
| Security of information | | |
| Banks atmosphere | | |
| ATM facilities | | |
| Mobile banking | | |
| Location of the bank from home/office | | |
| Working/Banking hours | | |
| Waiting time in getting the required service | | |
| Overall Service Quality of the bank | | |

## Select Respondents' View On Banking Preference

Table 3 shows respondents' view and opinion regarding banking preference. Out of 300 respondents most of the respondents (37.3%) were those who have only one bank account, 33.3% respondents have two bank accounts, 20.7% have three bank accounts and 8.7% respondents have more than tree bank accounts. With regard to type of bank accounts with respondents 62.7% respondents have both personal and business accounts, 32.3% respondents have personal accounts.

| Table 3: Consumers' Response on Banking Preference | | |
|---|---|---|
| **Banking** | **N** | **%** |
| **No. of Bank Accounts** | | |
| One | 112 | 37.3 |
| Two | 100 | 33.3 |
| Three | 62 | 20.7 |
| More than Three | 26 | 8.7 |
| **Type of Bank Account** | | |
| Personal | 97 | 32.3 |
| Business | 15 | 5.0 |
| Both | 188 | 62.7 |
| **Preferred time of banking** | | |
| 9 am to 12.30 pm | 151 | 50.3 |
| 2 pm to 4.30 pm | 138 | 46.0 |
| Any time | 11 | 3.7 |
| **Preferred day of banking** | | |
| Sunday | 55 | 18.3 |
| Monday | 55 | 18.3 |
| Tuesday | 66 | 22.0 |
| Wednesday | 54 | 18.0 |
| Thursday | 67 | 22.3 |
| Any day | 3 | 1.0 |
| **Frequency of Banking** | | |
| Twice a Week | 10 | 3.3 |
| Ones a Week | 15 | 5.0 |
| Ones every two Weeks | 38 | 12.7 |
| Ones every Month | 225 | 75.0 |
| As needed | 12 | 4.0 |

5% of respondents were those who have business accounts. 50.3% of respondents were those who were using banking services in between 9:00 Am to 12:30 PM which is maximum. 46..0% respondents were using banking services between 2:00 PM to 4:30 PM. 3.7% who are using banking services anytime. With regard to banking preference day, 22% respondents were those who prefer banking services on Tuesday. On Sunday and Monday banking transaction by respondents was 18.3% on both days. Maximum numbers of respondents (22.3%) were those who preferred banking services on Thursday. Only 1% of respondents were found who utilize banking services on any day. With regard to banking frequency 75% respondents were those who make banking transaction only once in every month, 12.7% respondents were those who use banking services once every two weeks, 5% respondents use banking services once a week, 3.3% respondents use banking services twice a week and only 4% percent respondent use banking services as they needed.

**Important Factors For Respondents In Selecting A Bank**
There were 16 factors identified from literature which could influence the decision of the customers in selecting a particular bank. Table 6 shows important factors that influence a consumer in selecting a bank for banking services. Analysis result shown in the table demonstrates that Security of the customer information is the most important factor in

selecting a bank for banking services (M=4.48), followed by the fact that it should be Islamic bank (M=4.41). Other important factors in order of importance calculated on the based on mean value are as follow; Reputation of the bank (M=4.38), ATM facilities (M=4.36), Experience of the bank (M=4.35), Bank atmosphere (4.34), Easy financing (4.33), Location of the bank from home/office (4.26), Mobile banking (4.22), Overall service quality of the bank (4.22), Availability of Loan (4.21), Working/Banking hours (4.18), Waiting time in getting a service (4.10), Good return (3.82), It should be a Saudi bank (3.51), and It should be a government bank (3.49). Analysis results are also presented in numbers and percentages in table 5.

| Table 4: Descriptive Statistics–Factors Influencing Respondents' Decision to Select a Bank | | | |
|---|---|---|---|
| **Factors** | **N** | **Mean** | **Std. Deviation** |
| It should be government bank | 300 | 3.49 | 1.450 |
| It Should be Saudi Bank | 300 | 3.51 | 1.355 |
| It Should be Islamic bank | 300 | 4.41 | 1.175 |
| Reputation of the Bank | 300 | 4.38 | 1.167 |
| Experience of the Bank | 300 | 4.35 | 1.197 |
| Good return | 300 | 3.82 | 1.484 |
| Availability of Loan | 300 | 4.21 | 1.254 |
| Easy Various financing | 300 | 4.33 | 1.186 |
| Security of information | 300 | 4.48 | 1.209 |
| Bank Atmosphere | 300 | 4.34 | 1.201 |
| ATM facilities | 300 | 4.36 | 1.269 |
| Mobile banking | 300 | 4.22 | 1.255 |
| Location of the bank from home/office | 300 | 4.26 | 1.184 |
| Working/Banking hours | 300 | 4.18 | 1.268 |
| Waiting time receive a service | 300 | 4.10 | 1.378 |
| Overall service quality of the bank | 300 | 4.22 | 1.311 |
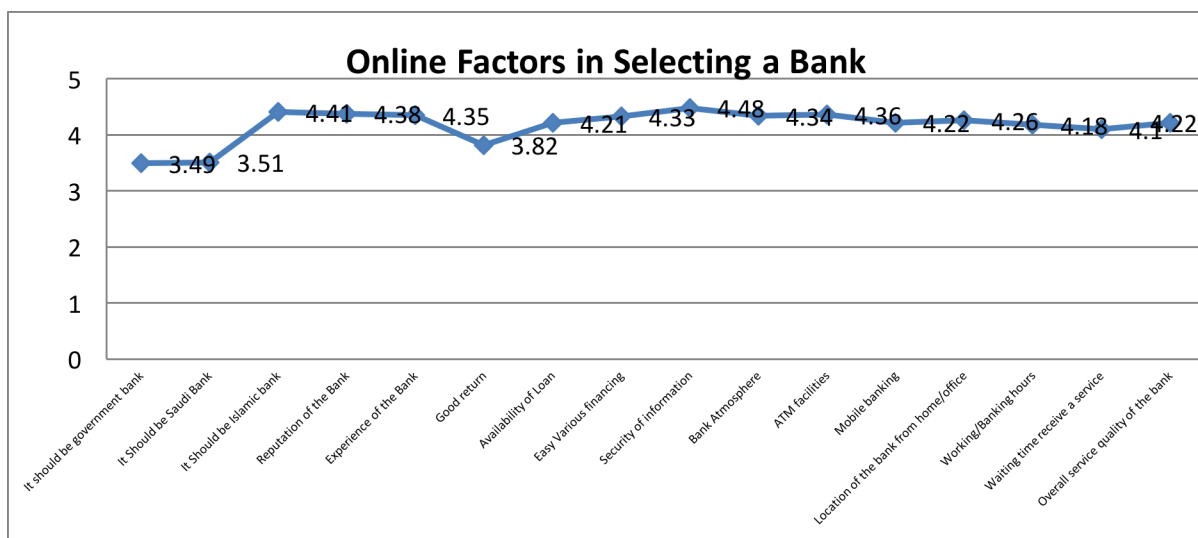


**Figure 1**

| Table 5: Respondents' Response Statistics regarding Selection of Bank | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Factors** | **Number and Percentage of Respondents Reporting** | | | | | | | | | |
| | **SD** | **%** | **DA** | **%** | **SOA** | **%** | **Ag** | **%** | **SA** | **%** |
| It should be government bank | 45 | 15.0 | 27 | 9.0 | 78 | 26.0 | 35 | 11.7 | 115 | 38.3 |
| It should be Saudi bank | 38 | 12.7 | 24 | 8.0 | 84 | 28.0 | 55 | 18.3 | 99 | 33.0 |
| It should be Islamic bank | 18 | 6.0 | 14 | 4.7 | 20 | 6.7 | 23 | 7.7 | 225 | 75.0 |
| Reputation of the bank | 19 | 6.3 | 10 | 3.3 | 24 | 8.0 | 31 | 10.3 | 216 | 72.0 |
| Experience of the bank | 21 | 7.0 | 10 | 3.3 | 24 | 8.0 | 32 | 10.7 | 213 | 71.0 |
| Good return | 40 | 13.3 | 27 | 9.0 | 40 | 13.3 | 33 | 11.0 | 160 | 53.3 |
| Availability of Loan | 24 | 8.0 | 9 | 3.0 | 39 | 13.0 | 35 | 11.7 | 193 | 64.3 |
| Easy financing | 20 | 6.7 | 11 | 3.7 | 24 | 8.0 | 40 | 13.3 | 205 | 68.3 |
| Security of information | 25 | 8.3 | 7 | 2.3 | 10 | 3.3 | 16 | 5.3 | 242 | 80.7 |
| Banks atmosphere | 21 | 7.0 | 9 | 3.0 | 29 | 9.7 | 30 | 10.0 | 211 | 70.3 |
| ATM facilities | 28 | 9.3 | 6 | 2.0 | 20 | 6.7 | 22 | 7.3 | 224 | 74.7 |
| Mobile banking | 23 | 7.7 | 15 | 5.0 | 27 | 9.0 | 44 | 14.7 | 191 | 63.7 |
| Location of the bank from home/office | 16 | 5.3 | 19 | 6.3 | 28 | 9.3 | 46 | 15.3 | 191 | 63.7 |
| Working/Banking hours | 22 | 7.3 | 20 | 6.7 | 26 | 8.7 | 45 | 15.0 | 187 | 62.3 |
| Waiting time in getting the required service | 32 | 10.7 | 15 | 5.0 | 33 | 11.0 | 30 | 10.0 | 190 | 63.3 |
| Overall Service Quality of the bank | 26 | 8.7 | 17 | 5.7 | 24 | 8.0 | 30 | 10.0 | 203 | 67.7 |
| SD=Strongly disagree; DA=Disagree; SOA=Somewhat agree; Ag=Agree; SA=Strongly agree | | | | | | | | | | |

## FACTOR ANALYSIS RESULTS

Table 6, shows the result of rotated component matrix which grouped the related factors together. The results in the table 6 show that the factors which may influence the decision of the customer in selecting a bank had been grouped into three major categories which has been captioned i.e., (1) Product offerings of the bank, (2) Service delivery of the bank, and (3) Banking Institution Type. The first factor named "Product offerings of the bank" includes nine variables i.e., Experience of the bank (F.L. =.733), Reputation of the bank (F.L. =.730), Bank atmosphere (F.L. =.728), Good return (F.L. =.723), Security of information (F.L.=.720), ATM facilities (F.L.=.667), Mobile banking (F.L.=.595), Location of the bank from home/office (F.L.=.562), and the bank should be Islamic bank (F.L.=.545). Second extracted factor from factor analysis technique has been named "Service delivery of the bank" which consist five important variables i.e., Waiting time in getting a service (F. L=.901), Overall service quality of the bank (F.L. =.829), Working/Banking hours (F.L.=.726), Easy financing options (F.L.=.639), and Availability of loan (.572). From analysis results another third factor has been extracted captioned "Banking institution type". This factor includes two important variables i.e., it should be a Saudi Bank (F.L.=.834) and It should be a government bank (F.L.=787).

| Table 6: Rotated Component Matrix– Respondents' Opinion regarding Selection of Bank | | | | |
|---|---|---|---|---|
| **Variable Names** | **Factor Loadings** | | | **Factor Name** |
| | 1 | 2 | 3 | |
| Experience of the Bank | **.733** | .356 | .208 | **Product Offerings of the Bank** |
| Reputation of the Bank | **.730** | .427 | .299 | |
| Bank Atmosphere | **.728** | .339 | .220 | |
| Good return | **.723** | .023 | -.160 | |
| Security of information | **.720** | .484 | .204 | |
| ATM facilities | **.667** | .525 | .207 | |
| Mobile banking | **.595** | .485 | .287 | |
| Location of the bank from home/office | **.562** | .509 | .227 | |
| It Should be Islamic bank | **.545** | .357 | .415 | |
| Waiting time to receive a service | .128 | **.901** | .037 | **Service Delivery of the Bank** |
| Overall service quality of the bank | .322 | **.829** | .170 | |
| Working/Banking hours | .414 | **.726** | .180 | |
| Easy financing | .510 | **.639** | .184 | |
| Availability of Loan | .563 | **.572** | .153 | |
| It Should be Saudi Bank | -.009 | .209 | **.834** | **Banking Institution Type** |
| It should be government bank | .238 | .028 | **.787** | |
| % of Variance | 31.127 | 27.273 | 12.697 | |
| Cumulative % | 31.127 | 58.400 | 71.097 | |
| Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization. | | | | |
| a. Rotation converged in 5 iterations. | | | | |

## DISCUSSION

Result of Mean statistics shows that out of sixteen variables, thirteen variables have mean value of more than 4.00 (much above the average value of 2.50) which indicates how important are these variables for consumers in Saudi Arabia in selecting a bank for their financial needs. In these thirteen variables "Security information" variable is the most dominant issue for consumers while selecting a bank. This is perhaps because nowadays the world has become much digital and explosion of knowledge and information had took place very fast in the world and digitalization has make a tremendous challenges before banking organization to protect the security of information of their clients. Other important variables in mean value hierarchy (e.g., it should be Islamic bank, Reputation of the bank, ATM facilities, Experience of the bank, Bank atmosphere, Easy financing, Location of the bank from home/office, Mobile banking, Overall service quality of the bank, Availability of Loan, Working/Banking hours, and Waiting time in getting a service were found important for consumers. Preferring Islamic bank may be because of Saudi Arabia is a Islamic Country and most of the people are Muslims in Saudi Arabia, perhaps on their religious faith they want to utilize the services of Islamic Bank rather than other commercial banks. Reputation of the bank is also important because these days in a competitive environment the only bank which can be reputed when its services and other necessities are fulfilled by it which consumers want. So this should be the cause of consumers' choice of reputed bank. ATMs are also very important factors in choosing a bank facility because the need of cash can arise anytime and in this case if ATM service of any bank is good it will be beneficiary for it to attract the consumers towards its membership. Bank atmosphere is also important for consumers because consumers' interaction with internal bank premises, its employees, internal infrastructure also attracts consumers towards it. Easy financing is also important because easy financing reduces the time and effort of consumer in acquiring requisite financial support to consumer. Location of

bank is also a necessary factor because people wants easy and timeless access to bank for their financial expectations from banks. Mobile banking is important because consumers can do financial transaction without visiting bank premises and extra effort for this purpose. Service quality and waiting time in getting a service is also necessary because these facilities are important for consumers because time is limited for consumer and they will prefer sooner and best service between various choices in banking companies. Working banking hours are also significant because consumers have a busy schedule and they will want to enjoy the services of that bank which will provide them convenient, enough and much time to do transaction for their financial purpose. In overall statistics variable "It should be government bank (3.49)" was found least important and preferable issue for consumers in selecting a bank in Saudi Arabis.

From Factor Analysis procedure it is much clear that all 16 variables selected from literature for this study are important. Factor analysis has grouped these 16 variables in three major Factors i.e., Product offerings of the bank, "Service delivery of the bank", "Banking institution" consisting nine, five and two variables respectively. The first extracted factor "Product offerings of the bank" consists nine variables represents that banking consumers living in Saudi Arabia are very cautious and they give more attention to the various aspect i.e., Experience of the Bank, Reputation of the Bank, Bank Atmosphere, Good return, Security of information, ATM facilities, Mobile banking, Location of the bank from home/office, It Should be Islamic bank while selecting a bank for their banking purpose. The factor has been captioned "Product offerings of the bank" because all variables which includes in this factor indicates the bank product offering to the consumers. These analysis results confirms the study findings of Kaynak (1993) who says that preferred friendly bank employees, convenient location of bank branches are important in selection of bank; Martenson (1993) who concludes that convenient branches, ATM facilities and bank reputation are very important; Kaynak & Kucukemiroglu (1992) who revealed that preferred bank locations close to consumers' home is necessary; Erol et al. (1990) who found that bank's reputation and image, friendliness of bank personnel, and confidentiality of bank is important factor; Holstius & Kaynak (1995) who concluded that reception at the bank, lower service charges, friendliness of personnel, and perceived confidentiality and also with study results of Subhani et al. (2012); Hasan & Zaher (2011) where they found that religious motives are very important and one of the most influencing phenomenon while selecting a bank especially when it is Islamic Bank but contrary with the findings of Edris (1997) who revealed that businessmen prefer conventional banks more than Islamic banks.

The second extracted factor "Service Delivery of The Bank" consists five variables i.e., waiting time to receive a service, Overall service quality of the bank, Overall service quality of the bank, Easy financing, Availability of Loan represents that persons living in Saudi Arabia put much emphasis on said variables to select a bank. This factor has named "Service Delivery of The Bank" because all of the variables in this factor represents the service delivery qualities and characteristics of a particular banking institution.  These results are very similar to conclusions of various reaches {e.g., Martenson (1993) service quality, availability of credit; Kaynak & Kucukemiroglu (1992) fast and efficient service; Kaufman (1967) quality of services offered by the bank; Laroche et al. (1986) hours of operations, size of waiting lines; Erol et al. (1990), Kaynak (1993), Holstius and Kaynak (1995), Yue and Tom (1995)  fast and efficient services} and also to confirm that that said factors are important in selection of banks for consumers. The third extracted factor "Banking Institution Type" include two variable i.e., It Should be Saudi Bank and "It should be government bank". This factor has been captioned "Banking Institution Type" because variables in this factor shows the type of bank which a consumer will prefer for banking services. In this case analysis result reveals that banking consumers in Saudi Arabia prefers Saudi Arabian Banks especially government bank for their banking services

utilization. This analysis part results are contrary with the research findings of Waked (2016) in which he found that most of the Saudi Arabian SMEs prefer their own financial sources form their own resources and only 5.72 per cent cited access funds from government banks.

## CONCLUSION

The study proceeds with the purpose to find out factors which are important for banking consumers to select a bank for banking services. Total 300 respondents had participated in this research. Descriptive statistics results shows that out of sixteen variables, thirteen variables were found very important for consumers in selecting a bank with much higher mean value than average and three were found important with higher mean value than average. Out of sixteen "Security information" variable has been found most important with maximum mean value and variable "It should be government bank" has been found least important with minimum mean vale. Result of factor analysis shows that all sixteen variables taken into consideration in present study has been grouped in three factors i.e., Product Offerings of the Bank consisting nine variables, Service Delivery of the Bank with five variables and Banking Institution Type including two variables respectively. In this analysis procedure all variables in three factors enjoys high factor loadings which indicates their importance in present study.

## PRACTICAL IMPLICATIONS AND LIMITATIONS

This research results would be very fruitful and beneficiary for banking institutions and also for consumers. Banking institution especially in Saudi Arabia can focus on the aspect which has been proved by this study and which consumers feels that is important for them in selecting a bank. Banks should be aware of the various issues (for example, Security problems, issue of Islamic bank, their reputation and service quality, ATM facilities, financing and loan facilities etc.), should put much attention and emphasis on these issue and also could make appropriate strategy to attract consumers towards their organization. With regard to consumers, they would be learned and informed from this research that people in Saudi Arabia (an Islamic State) prefers which factors to select a bank for their financial needs and according to that they can plan for their financial preferences. Present research has been carried out in Saudi Arabia with 300 respondents. Such researches with same caption could be done in other part of the world with large sample size. This research uses simple statistics i.e., Mean, S.D. etc. and Factor Analysis technique. I future researches on such an importance issue, other standard statistical tools and techniques could be done to assess associations and impact of various factors on one another to find out much comprehensive and valid results.

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